



DENNIS, GARTLAND & NIERGARTH P.C.

Business and Financial Advisors
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Thomas E. Gartland, CPA
Brad P. Niergarth, CPA
James G. Shumate, CPA
Robert C. Thompson, CPA
Michael D. Shaw, CPA
Mary F. Krantz, CPA

Township Board
Peninsula Township

In planning and performing our audit of the basic financial statements of Peninsula Township (the "Township") for the year ended March 31, 2004, we considered the Township's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of the following matters that are opportunities for strengthening internal controls and operating efficiency. The following paragraphs summarize our comments and suggestions regarding this matter. This letter does not affect our report dated July 26, 2004 on the financial statements of Peninsula Township.

Mileage Reports

The monthly mileage reports currently provide for a department, location, date and miles. To enhance documentation for mileage, the Township should consider adding a column to indicate the purpose of the trip.

We also noticed occasionally two trips a day are made to the same location. Given the distance of the Township Hall to town, consideration should be given as to whether the additional trip is necessary or whether it can be done the following day, along with other Township daily business.

Cash Receipts

While reviewing monthly receipts, we observed pre-numbered receipt forms are not consistently used in numerical order. We recommend once funds are received, they be recorded immediately in the receipt book. The one exception to this would be the recording of monthly interest earnings on the Township's bank accounts, which would occur after the fact when the Township's bank statements are received. In addition, if a receipt is not used, it should be voided. To help assure transactions are properly recorded, we recommend the Clerk's copy of the receipt forms be forwarded to the Clerk within two weeks of month-end and reconciliation of the Clerk's records to the Treasurer's records be performed.

Member of



415 Munson Avenue, Post Office Box 947
Traverse City, Michigan 49685-0947
231.946.1722, FAX: 231.946.2762
www.dgncpa.com

We also observed the date was changed on a number of receipt forms - typically with a month's lag or more between the two dates. It appears not all cash is deposited on a timely basis. To safeguard the Township's assets and assure transactions are recorded within the proper accounting period, we recommend cash be deposited at the bank at least on a weekly basis and more frequently during tax collection time.

Front Desk Receipts

Fees for permits are logged at the front desk. The log includes date, from whom the money was received, permit type/number and dollar amount. The log and the fees are forwarded to the Treasurer's office on a monthly basis. To improve controls over cash and checks received at the front desk, we recommend a notation be made by each entry whether fees were paid in cash or by check. Also, to safeguard the Township's assets, we recommend the fees be forwarded to the Treasurer's office more than once a month if the funds collected exceed \$500.

Compactor Station

Funds received at the Compactor Station are forwarded bi-weekly to the Treasurer. Compactor Station personnel provide the Treasurer's office with a breakdown of the dollars received as far as how many tickets were sold, amount received in cash/checks, etc. To strengthen controls at the Compactor Station, we recommend receipts be issued to customers at the Compactor Station. A possible method of issuing receipts at the Compactor Station would be to use a two-part calculator tape - the top copy would be given to the customer and the second copy would accompany the funds forwarded to the Treasurer. The Treasurer would then enter the Compactor Station funds received in the cash receipts book and attach to the Treasurer's copy of the receipt the second copy of the calculator tape. We recommend the Township continue the practice of Compactor Station personnel summarizing the dollar amount of cash and checks received and for what purpose the funds were received.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various personnel and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

Dennis, Gartland & Niergarth, P.C.

September 16, 2004